

## Message Text

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ORIGIN EB-02

INFO OCT-01 ARA-02 ADP-00 /005 R

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FM SECSTATE WASHDC

TO AMEMBASSY BOGOTA

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FOLLOWING TEL SENT SECSTATE FROM LONDON 15 JUNE REPEATED

QTE LONDON 6989

E. O. 11652: N/ A

TAGS: EGEN

SUBJECT: COFFEE: EXECUTIVE BOARD MEETING JUNE 12-14

REF: LONDON 6510

1. SUMMARY - ICO EXECUTIVE BOARD MET FOR THREE DAYS AND TOOK UP NUMBER OF ITEMS, MOSTLY OF ROUTINE NATURE. ONLY EXTENDED DEBATE WAS ON SUBJECT OF SUPPLY OF STATISTICS AFTER OCTOBER 1 ST. SEVERAL DECISIONS ON FINANCIAL MATTERS ALSO MADE. US RAISED QUESTION OF DIVERSIFICATION FUND RESOLUTION ( REFTEL) WHICH PROVOKED BRIEF DEBATED. END SUMMARY.

2. MAJOR ITEM ON AGENDA OF BOARD WAS QUESTION OF SUPPLY OF STATISTICS TO ICO. DEBATE ON THIS SUBJECT WAS NOT PARTICULARLY ENLIGHTENING, WITH MOST DELEGATIONS NOT GOING BEYOND GENERALITIES IN THEIR SPEECHES. EVENTUALLY BECAME CLEAR THAT EVERYONE WAS SAYING PRETTY MUCH THE SAME THING, NAMELY THAT MEMBERS SHOULD SUPPLY

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AND ICO SHOULD CONTINUE PUBLISH ALL NORMAL STATISTICAL INFORMATION UNTIL OCTOBER 1 ST. THERE WAS LESS CLARITY IN DISCUSSION ON SITUATION AFTER OCTOBER 1 ST. EVENTUALLY GERMANS SUGGESTED THAT ISSUES INVOLVED WERE COMPLEX AND TECHNICAL IN NATURE AND SHOULD THEREFORE BE STUDIED IN A WORKING GROUP COMPOSED OF EXPERTS. THIS SUGGESTION ADOPTED AND GROUP CONSTITUTED. MEMBERS ARE BRAZIL, COLOMBIA, OAMCAF, EL SALVADOR, FRANCE, UK, CANADA AND US. TERMS OF REFERENCE ARE ESSENTIALLY THOSE IN PARAGRAPH 1, RESOLUTION 265. GROUP WILL HAVE FIRST MEETING ON JULY 3 RD AND INSTRUCTED REPORT BACK TO BOARD AT ITS NEXT MEETING , SEPTEMBER 4-5.

3. COLOMBIANS ALSO PROPOSED THAT ICO COMMISSION A STUDY TO BE MADE BY BROOKINGS INSTITUTE, POSSIBLY UNDER DIRECTION ED FRIED, WHICH WOULD ANALYZE DEVELOPMENTS IN COFFEE OVER PAST 10 YEARS AND PROPOSE " SOLUTIONS" TO PROBLEMS THAT HAD PREVENTED ICA WITH ECONOMIC CLAUSES FROM BEING RENEGOTIATED. UK AND BELGIUM INDICATED THEY THOUGHT IDEA HAD MERIT, BUT WARRANTED FURTHER CONSIDERATION AND PROPOSED THAT EXECUTIVE DIRECTOR WRITE BROOKINGS, STRICTLY WITHOUT ANY COMMITMENT ON PART OF ICO AND ASK WHETHER BROOKINGS MIGHT BE INTERESTED IN MAKING SUCH A STUDY. WAS AGREED TO SO AUTHORIZE EXECUTIVE DIRECTOR WHO WAS INSTRUCTED REPORT RESULTS THIS CONTACT TO NEXT MEETING OF STATISTICS WORKING GROUP , AND CONTINUE DISCUSSIONS THIS PROPOSAL AT NEXT BOARD MEETING.

4. PROGRAM OF WORK OF ORGANIZATION THEN DISCUSSED . THIS LITTLE MORE THAN CATALOGUE OF DATES OF MEETINGS ICO ORGANS DURING NEXT QUARTER. BELGIUM ( SURQUIN) EXPRESSED DISQUIET OVER FAILURE OF BOARD TO DISCUSS PROGRAM FOR RENEGOTIATION AND ASKED THAT THIS QUESTION BE ON AGENDA OF NEXT BOARD MEETING ( WHICH SCHEDULED FOR SEPTEMBER 4-5).

5. FINANCE COMMITTEE MET SEPARATELY DURING BOARD MEETING. MUCH OF ITS TIME SPENT IN DISCUSSING PREMISES. EXECUTIVE DIRECTOR PROPOSED THAT LEASE OF BUILDING BE SOLD TO UK GOVERNMENT WHICH IN TURN WOULD RENT BACK GROUND AND FIRST THREE FLOORS TO ICO. UK IN-LIMITED OFFICIAL USE

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TERESTED IN UPPER FLOORS AS OFFICE SPACE FOR INTERNATIONAL COCOA ORGANIZATION. HOWEVER, THIS RAISED OBJECTIONS IN PRINCIPLE FROM GERMANS WHO ARGUED THAT THIS DECISION WOULD PREJUDICE CHANCES OF HAMBURG BEING SELECTED BY COCOA AS ITS HEADQUARTERS. EVENTUALLY WAS AGREED THAT NO DECISION WOULD BE TAKEN UNTIL AFTER COCOA HAD SELECTED ITS HEADQUARTERS. EXECUTIVE DIRECTOR

ALSO PROPOSED INCREASE IN GENERAL SERVICES SALARIES  
RETROACTIVE TO NOVEMBER 1, 1972 ON WHICH DATE BOTH IMCO  
AND US EMBASSY HAD ADOPTED PROPOSED SCALE. THIS AC-  
CEPTED BY COMMITTEE ( AND BOARD) ALTHOUGH US EXPRESSED  
RESERVATIONS ABOUT RETROACTIVE NATURE OF INCREASE, AND  
UK RESERVED OVER SIZE OF INCREASE ( 8 PERCENT) WHICH EXCEEDS  
UK PAY GUIDELINES. EXECUTIVE DIRECTOR ALSO ADVISED  
THAT IMCO HAD GRANTED, EFFECTIVE JUNE 1 ST, ADDITIONAL  
POST ADJUSTMENT TO ITS EMPLOYEES AND PROPOSED SIMILAR  
INCREASE FOR COST OF LIVING REASONS FOR ICO PROFESSIONALS.  
THIS ACCEPTED WITHOUT COMMENT BY COMMITTEE ( AND BOARD).  
EXECUTIVE DIRECTOR ALSO RAISED QUESTION OF REDUNDANCY  
PAYMENTS TO STAFF WHOSE SERVICES NOT NEEDED BEYOND  
OCTOBER 1 ST. HE ESTIMATED THESE COSTS AT \$87,000 ,  
SAID THEY PROBABLY COULD BE MET OUT OF SAVINGS IN BUDGET  
AND ASKED COMMITTEES APPROVAL IN PRINCIPLE FOR TRANSFER  
OF FUNDS WITHIN BUDGET. THIS GRANTED, SUBJECT TO  
STIPULATION THAT BOARD SPECIFICALLY AUTHORIZE SUCH  
TRANSFERS WHEN THEY ACTUALLY PROPOSED.

6. US RAISED DIVERSIFICATION FUND ASSEMBLY RESOLUTION  
10, AND MADE STATEMENT ALONG LINES ALREADY MADE TO  
FUND ASSEMBLY POINTING OUT THAT US NOT OPPOSING SPEEDY  
LIQUIDATION OF FUND AS LONG AS THIS ACCOMPLISHED AFTER  
OCTOBER 1 ST. COLOMBIA RESPONDED STATING THAT THEY HAD  
CHECKED RESOLUTION CAREFULLY AND THEY CONVINCED THAT IT  
LEGAL EXERCISE OF FUND ASSEMBLY' S RIGHT TO INTERPRET  
STATUTES. SOME DEBATE FOLLOWED WHEN ZAIRE ASKED WHETHER  
US HAD BEEN PREPARED TO AMEND STATUTES WITH EFFECT  
FROM OCTOBER 1 ST. US RECOUNTED EFFORTS OF EXECUTIVE  
DIRECTOR TO DRZ UP TECHNICAL AMENDMENTS TO  
STATUTES. WE HAD INDICATED ED' S AMENDMENTS WERE  
ACCEPTABLE TO US ON AD REFERENDUM BASIS BUT THIS PROCESS  
BLOCKED BY COLOMBIA, WHICH INSISTED ON UNILATERAL ACTION  
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BY FUND ASSEMBLY. AT END OF DISCUSSION US INDICATED  
THAT IT RESERVING RIGHT RAISE THIS MATTER SUBSEQUENTLY  
IN OTHER ICO BODIES.  
ANNENBERG UNQTE  
ROGERS

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

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